

# **City of Roseville, Michigan**

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## **Financial Report with Supplemental Information June 30, 2003**

# City of Roseville, Michigan

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## Independent Auditor's Report

To the Honorable Mayor and  
Members of the City Council  
City of Roseville, Michigan

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, Michigan, as of and for the year ended June 30, 2003, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of Roseville, Michigan's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the City of Roseville, Michigan as of June 30, 2003 and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The management's discussion and analysis, pension system schedule of funding progress, and the budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

To the Honorable Mayor and  
Members of the City Council  
City of Roseville, Michigan

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Roseville, Michigan's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis and is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

In accordance with Government Auditing Standards, we have also issued our report dated October 31, 2003 on our consideration of the City of Roseville, Michigan's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

As described in Note I, the City has implemented a new financial reporting model, as required by the provisions of the GASB Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*, and related statements, as of July 1, 2002. In adopting this statement, the financial statements now include a management's discussion and analysis, government-wide full accrual financial statements, and reorganized fund-based statements. In addition, the governmental funds now accrue a liability for compensated absences only to the extent that they come due for payment prior to year end.

*Plante & Moran, PLLC*

October 31, 2003

### Using this Annual Report

The 2003 Financial Report of the City of Roseville, Michigan follows a different format than in previous years. This annual report has been changed to comply with the reporting requirements of the Government Accounting Standards Board Statement No. 34. The basic financial statements include two kinds of statements that present different views of the City. The statement of net assets and the statement of activities are both new and provide information about the activities of the City of Roseville, Michigan on a government-wide basis. They are designed to present a long-term view of the City's finances. The fund financial statements, also slightly changed from prior years, follow the above-mentioned statements and illustrate how the services provided by the City were financed in the short term, as well as what remains for future spending. Additionally, the fund financial statements report the City's operations in more detail than the government-wide financial statements.

### Government-wide Statements

The government-wide statements report information about the City as a whole using accounting methods similar to those used by private-sector companies. The statement of net assets includes all of the government's assets and liabilities. Net assets, the difference between the City's assets and liabilities, are one way to measure the City's overall financial health. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The government-wide financial statements of the City are divided into two categories:

- Government activities - Most of the City's basic services are included here such as police, fire, public works, recreation, and general administration. Property taxes, State-shared revenues, charges for services, and grants provide the majority of the funding.
- Business-type activities - The City charges fees to customers to cover costs of providing water and sewer services.

### Fund Financial Statements

The fund financial statements provide more detailed information about the City's most significant funds - not the City as a whole. Funds are accounting tools that the City uses to keep track of specific sources of funding or spending for particular purposes. Some funds are required to be separately maintained by State law. The City Council establishes other funds to control and manage money for particular purposes.

# City of Roseville, Michigan

## Management's Discussion and Analysis (Continued)

The City has three kinds of funds:

- Governmental funds - Most of the City's basic services are included in governmental funds, which focus on how cash and other financial assets that can be converted to cash flow in and out, and the balance left at year end that is available for future spending. The governmental fund statements provide a detailed short-term view that highlights whether there are more or fewer financial resources available in the near future to finance the City's programs.
- Proprietary funds - Services to which the City charges customers a fee are generally reported in proprietary funds. Proprietary fund reporting, like government-wide statements, provide both short-term and long-term financial information.
- Fiduciary funds - The City is responsible for ensuring that the assets in these funds are used for their intended purposes. These activities have been excluded from the government-wide financial statements because the City cannot use these assets to finance its operations.

### The City of Roseville, Michigan as a Whole

The City's combined net assets increased 9.7 percent from a year ago, increasing from \$84.6 million to \$92.8 million. A review of the governmental activities, separate from the business-type activities, shows an increase of approximately \$7.1 million in net assets, or 9.6 percent, during fiscal 2003. The business-type activities experienced a \$1.1 million increase in net assets as well.

In a condensed format, the table below shows the comparison of net assets (in millions of dollars) as of June 30, 2003 to the prior year:

	Governmental Activities		Business-type Activities		Total	
	2003	2002	2003	2002	2003	2002
<b>Assets</b>						
Current assets	\$ 27.7	\$ 28.7	\$ 6.1	\$ 5.4	\$ 33.8	\$ 34.1
Noncurrent assets:						
Investment in joint ventures	6.0	5.7	-	-	6.0	5.7
Restricted assets	1.2	0.4	-	-	1.2	0.4
Capital assets	74.3	71.4	7.0	6.7	81.3	78.1
Total assets	109.2	106.2	13.1	12.1	122.3	118.3
<b>Liabilities</b>						
Current liabilities	6.0	5.1	1.4	1.4	7.4	6.5
Long-term liabilities	22.0	27.0	0.1	0.2	22.1	27.2
Total liabilities	28.0	32.1	1.5	1.6	29.5	33.7
<b>Net Assets</b>						
Invested in capital assets - Net of related debt	52.4	51.2	7.0	6.7	59.4	57.9
Restricted	8.6	11.0	-	-	8.6	11.0
Unrestricted	20.2	11.9	4.6	3.8	24.8	15.7
Total net assets	<u>\$ 81.2</u>	<u>\$ 74.1</u>	<u>\$ 11.6</u>	<u>\$ 10.5</u>	<u>\$ 92.8</u>	<u>\$ 84.6</u>

# City of Roseville, Michigan

## Management's Discussion and Analysis (Continued)

Governmental unrestricted net assets, the portion of net assets available to finance day-to-day operations and future growth, changed from \$11.9 million at June 30, 2002 to \$20.2 million at June 30, 2003. Of this amount, approximately \$4.3 million resulted from a defeasance of debt by the South Macomb Disposal Authority (the "Authority"), a joint venture in which the City is a member. The defeasance of debt was funded by the Authority through a settlement with its insurance companies. Unrestricted net assets for business-type activities increased by \$.9 million at June 30, 2003. The increase is the result of a rate increase implemented during fiscal 2003 to cover the expected cost of critical repairs to the City's water and sewer infrastructure, coupled with disciplined expense control.

The following table shows the changes in net assets (in millions of dollars) for the year ended June 30, 2003.

	Governmental Activities	Business-type Activities	Total
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 6.5	\$ 9.4	\$ 15.9
Operating grants and contributions	4.5	-	4.5
Capital grants and contributions	0.1	-	0.1
General revenue:			
Property taxes	19.6	-	19.6
State-shared revenue	5.8	-	5.8
Unrestricted investment earnings	0.7	0.1	0.8
Gain on sale of capital assets	0.1	-	0.1
Extraordinary item - Proceeds from lawsuit	4.3	-	4.3
Transfers and other revenue	0.7	0.1	0.8
Total revenue	42.3	9.6	51.9
<b>Program Expenses</b>			
General government	7.6	-	7.6
Public safety	15.1	-	15.1
Public works - Highways and streets	7.6	-	7.6
Recreation and culture	4.0	-	4.0
Interest expense	0.9	-	0.9
Water and sewer	-	8.5	8.5
Total program expenses	35.2	8.5	43.7
<b>Change in Net Assets</b>	<b>\$ 7.1</b>	<b>\$ 1.1</b>	<b>\$ 8.2</b>

Comparative data is not required during the first year of reporting under GASB No. 34; therefore, a comparative condensed statement of activities is not part of the management's discussion and analysis. Future reports will provide an analysis of comparative data for the statement of activities.

# City of Roseville, Michigan

## Management's Discussion and Analysis (Continued)

### Governmental Activities

Revenues for the City's governmental activities totaled \$42.3 million in 2003. Of this amount, property taxes accounted for 46 percent, or \$19.6 million; State-shared revenues totaled 13 percent, or \$5.8 million; and charges for service support programs such as building inspections, recreation programs, etc. amounted to 15 percent, or \$6.5 million. During the year ended June 30, 2003, the City's total governmental revenues increased by approximately \$1.0 million. The increase is attributed to the forgiveness of debt by the South Macomb Disposal Authority, which was funded instead by insurance proceeds received by the "Authority". This increase was also influenced by property tax revenues, which increased slightly due to continued growth, and revenues generated by fines, licenses, and permits. These increases were offset by decreases in credits received from the County and other revenue sources due to the slowdown in the state and national economies or timing of local construction projects.

Expenditures decreased by approximately \$10.9 million over last fiscal year. This decrease is attributed to the construction of the new court/police building and City Hall renovations completed in the prior year and disciplined budgeting practices employed by City management.

During the year, the City continued meeting the actuarial required contributions for both of its defined benefit pension systems. This is important for the City because future taxpayers should not be required to fund benefit payments that were earned in the present.

### Business-type Activities

The City has one business-type activity; the Water and Sewer Fund. Water and sewer operations are funded directly by user fees or charges for services. Revenues of the City's water and sewer fund totaled \$9.6 million in 2003 and expenses were \$8.5 million. The City experienced an increase in net assets of approximately \$1.1 million. During fiscal 2003, City Council approved a 26 percent increase in the City's water and sewer rates. In addition to a rate increase, City management also revised the City's water and sewer rate structure to better isolate the effects of cost increases from the City of Detroit Water System and the South Macomb Sanitary District. Historically, the City had not passed on to its customers the full effect of previous Detroit water and sewer rate increases. This trend became impossible to continue, especially when Detroit forecasted rate increases to average 10 percent annually for the next three to five years. The new rates for water and sewer service reflect only the estimated cost for water units purchased or sewer treatment incurred by the City. No other expenses are factored into these respective rates. The local operating maintenance (LOM) component of the City's water and sewer rate primarily absorbed the effects of the rate restructure. The LOM rate primarily reflects the day-to-day operating costs and future capital outlay considerations of the Water and Sewer Fund, excluding the purchase of water and sewer treatment expenses.

# City of Roseville, Michigan

## Management's Discussion and Analysis (Continued)

### The City's Funds

The analysis of the City's major funds follows the government-wide financial statements. The fund financial statements provide detailed information about the most significant funds, not the City as a whole. City Council creates funds to help manage money for specific purposes as well as to show accountability for certain activities, such as State of Michigan Act 51 major and local road revenue sharing. The City's major funds for 2003 include the General Fund, the Major and Local Streets Funds, and the Capital Projects Fund.

The General Fund pays for most of the City's governmental services. The most significant of these are the police and fire, which incurred expenditures of approximately \$14.6 million in 2003. The general operating millage levied by the City supports these two services. The Major and Local Streets Funds are the two funds used by the City to account for capital outlay expenditures related to road construction and maintenance. The Capital Projects Fund includes the City's portion of the Lake St. Clair Clean Water Initiative projects being administered by Macomb County. State revenue sources and transfers from other funds support the activity in these funds.

### General Fund Budgetary Highlights

Over the year, City administration and City Council monitor and amend the budget to take into account unanticipated events that occur during the year. The most significant of these events during fiscal 2003 were the decreases in anticipated State-shared revenues and interest income. These revenues decreased due to the downturn in the state's economy and low interest rates during fiscal 2003. In light of these revenue losses, the City evaluated planned expenditures and amended the budget to reduce or eliminate nonessential expenditures. In addition, City management began assessing other governmental funds an administrative charge for services provided by the general fund. As a result, actual revenues and expenditures approximated final budgeted amounts.

### Capital Assets and Long-term Debt Administration

At the end of fiscal 2003, the City had \$81.3 million invested in a wide range of capital assets, including land, buildings, police and fire equipment, computer equipment, and water and sewer lines. In addition, for the first time the City reported infrastructure assets, which include roadways, sidewalks, and storm drains in which it has invested since 1980. The City has also recognized certain intangible rights to a County drain asset equal to the City's share of the debt associated with the Clean Water Initiative project. The total value of the infrastructure assets, net of depreciation contained in this report is \$27.1 million and \$25.4 million for fiscal 2003 and 2002, respectively.

During fiscal 2003, additional debt was issued to support the Clean Water Initiative for approximately \$1.9 million. Debt reported in the financial statements typically relates to the purchase or construction of the above-mentioned capital assets and is reported as a liability on the statement of net assets.

# City of Roseville, Michigan

## Management's Discussion and Analysis (Continued)

### Economic Factors and Next Year's Budgets and Rates

In 1995, the City reduced its property tax millage rate by 7 percent. The City has consistently maintained a tax rate of 16.38 mills for the past nine years saving the average resident approximately \$1,000 over a nine year period. Strong expenditure controls practiced by City management have helped to accomplish this objective. Property taxes make up nearly 57 percent of our General Fund operating budget. Because of Proposal A, which limits the growth on existing property to the rate of inflation, and a lessening of new growth and development in the City, maintaining the existing tax rate millage becomes more difficult each year. The inflation rate for the coming year is predicted to be low. In addition, State revenue sharing, which represents nearly 20 percent of our General Fund budget, is unlikely to increase due to State cutbacks and less sales tax receipts at the State level. These factors, coupled with other decreases in revenues such as lower rates earned on investments, have made balancing the City's annual budget an increasingly difficult task.

Expenses, on the other hand, are rising faster than inflation in many areas. While our pension systems are well funded, we do anticipate further increases in pension fund contributions due to the declining stock and bond markets experienced in the past several years. We also expect continued annual increases in medical costs of 20 percent to 25 percent per year. Despite these considerations, the City anticipates overall expenses to increase on average between 5 percent and 10 percent per year. The City government is a service to the City residents and therefore its primary costs are personnel related.

### Contacting the City's Financial Management

This financial report is intended to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the City's finances and to show the City's accountability for the money it receives. If you have any questions about this report or need additional financial information, we invite you to contact the City Manager at the City of Roseville, 29777 Gratiot Avenue, Roseville, MI 48066.

# City of Roseville, Michigan

## Statement of Net Assets June 30, 2003

	Primary Government		
	Governmental Activities	Business-type Activities	Total
<b>Assets</b>			
Cash and investments (Note 3)	\$ 23,547,148	\$ 3,883,672	\$ 27,430,820
Receivables - Net:			
Taxes	296,052	-	296,052
Customers	-	2,033,199	2,033,199
Special assessment	347,549	-	347,549
Accrued interest	317,967	7,890	325,857
Other	544,405	7,274	551,679
Due from other governments	2,467,473	-	2,467,473
Inventories	262,462	133,198	395,660
Investments in joint ventures (Note 14)	5,961,489	-	5,961,489
Restricted assets (Note 8)	1,173,106	-	1,173,106
Capital assets - Net (Note 5)	<u>74,263,341</u>	<u>6,986,115</u>	<u>81,249,456</u>
Total assets	109,180,992	13,051,348	122,232,340
<b>Liabilities</b>			
Accounts payable	1,611,526	1,123,075	2,734,601
Internal balances	16,640	(16,640)	-
Due to other governmental units	-	28,244	28,244
Other liabilities	1,315,340	49,000	1,364,340
Cash bonds and deposits	413,622	83,503	497,125
Long-term liabilities:			
Bonds payable - Within one year (Note 7)	1,351,636	-	1,351,636
Bonds payable - More than one year (Note 7)	20,871,286	-	20,871,286
Compensated absences:			
Short-term (Note 7)	1,285,797	91,123	1,376,920
Long-term (Note 7)	<u>1,082,940</u>	<u>125,815</u>	<u>1,208,755</u>
Total liabilities	<u>27,948,787</u>	<u>1,484,120</u>	<u>29,432,907</u>
<b>Net Assets</b>			
Invested in capital assets - Net of related debt	52,421,470	6,986,115	59,407,585
Restricted:			
Sanitation	972,148	-	972,148
Streets and highways	2,956,046	-	2,956,046
Drug law enforcement	755,393	-	755,393
Debt service	2,799,117	-	2,799,117
Excess debt proceeds held at the County	1,173,106	-	1,173,106
Unrestricted	<u>20,154,925</u>	<u>4,581,113</u>	<u>24,736,038</u>
Total net assets	<u>\$ 81,232,205</u>	<u>\$ 11,567,228</u>	<u>\$ 92,799,433</u>

# City of Roseville, Michigan

Functions/Programs	Program Revenues			Capital Grants and Contributions
	Expenses	Charges for Services	Operating Grants and Contributions	
Primary government:				
Governmental activities:				
General government	\$ 7,622,708	\$ 2,098,934	\$ 148,565	\$ -
Public safety	15,069,434	3,959,030	765,112	-
Public works	7,578,554	233,452	2,997,148	24,198
Recreation and culture	3,953,645	256,365	613,228	-
Interest expense	948,073	-	-	-
Total governmental activities	35,172,414	6,547,781	4,524,053	24,198
Business-type activities - Water and sewer	8,526,245	9,443,750	-	44,268
Total primary government	<u>\$ 43,698,659</u>	<u>\$ 15,991,531</u>	<u>\$ 4,524,053</u>	<u>\$ 68,466</u>

## General revenues:

- Property taxes
- State-shared revenues
- Investment interest
- Gain on sale of capital assets and other assets
- Franchise fees
- Insurance refunds
- Miscellaneous

Extraordinary item - Forgiveness of debt (Note 15)

Total general revenues and extraordinary item

## Change in Net Assets

**Net Assets** - Beginning of year

**Net Assets** - End of year

**Statement of Activities**  
**Year Ended June 30, 2003**

Net (Expense) Revenue and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (5,375,209)	\$ -	\$ (5,375,209)
(10,345,292)	-	(10,345,292)
(4,323,756)	-	(4,323,756)
(3,084,052)	-	(3,084,052)
(948,073)	-	(948,073)
(24,076,382)	-	(24,076,382)
-	961,773	961,773
(24,076,382)	961,773	(23,114,609)
19,555,238	-	19,555,238
5,806,039	-	5,806,039
728,939	44,282	773,221
133,054	-	133,054
347,152	-	347,152
131,149	-	131,149
191,312	83,082	274,394
4,302,000	-	4,302,000
31,194,883	127,364	31,322,247
7,118,501	1,089,137	8,207,638
74,113,704	10,478,091	84,591,795
<b>\$ 81,232,205</b>	<b>\$ 11,567,228</b>	<b>\$ 92,799,433</b>

# City of Roseville, Michigan

## Governmental Funds Balance Sheet June 30, 2003

	General Fund	Major Streets	Local Streets	Capital Projects	Other Nonmajor Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Cash and investments	\$ 12,928,425	\$ 2,323,871	\$ 293,386	\$ 4,274,813	\$ 3,645,438	\$ 23,465,933
Receivables (Note 4):						
Taxes	279,589	-	-	-	16,463	296,052
Special assessments	-	-	-	347,549	-	347,549
Accrued interest	238,525	4,055	-	42,260	-	284,840
Other	476,470	-	-	-	13,393	489,863
Due from other governmental units	1,921,813	415,985	120,825	-	89,057	2,547,680
Due from other funds (Note 6)	677,860	128,371	1,613,233	-	209,088	2,628,552
Restricted assets	-	-	-	1,173,106	-	1,173,106
<b>Total assets</b>	<b>\$ 16,522,682</b>	<b>\$ 2,872,282</b>	<b>\$ 2,027,444</b>	<b>\$ 5,837,728</b>	<b>\$ 3,973,439</b>	<b>\$ 31,233,575</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 446,317	\$ 333,079	\$ 26,700	\$ 86,032	\$ 76,125	\$ 968,253
Due to other funds (Note 6)	953,444	1,583,900	-	363,484	309,364	3,210,192
Other liabilities	1,023,981	-	-	-	4,444	1,028,425
Cash bonds and deposits	413,622	-	-	-	-	413,622
Deferred revenue (Note 4)	379,494	-	-	288,273	116,907	784,674
<b>Total liabilities</b>	<b>3,216,858</b>	<b>1,916,979</b>	<b>26,700</b>	<b>737,789</b>	<b>506,840</b>	<b>6,405,166</b>
<b>Fund Balances</b>						
Reserved for:						
Special assessment receivable	-	-	-	-	191,052	191,052
Drug law enforcement	-	-	-	-	755,393	755,393
Sanitation	972,148	-	-	-	-	972,148
Unreserved (Note 13)	12,333,676	955,303	2,000,744	5,099,939	2,520,154	22,909,816
<b>Total fund balances</b>	<b>13,305,824</b>	<b>955,303</b>	<b>2,000,744</b>	<b>5,099,939</b>	<b>3,466,599</b>	<b>24,828,409</b>
<b>Total liabilities and fund balances</b>	<b>\$ 16,522,682</b>	<b>\$ 2,872,282</b>	<b>\$ 2,027,444</b>	<b>\$ 5,837,728</b>	<b>\$ 3,973,439</b>	<b>31,233,575</b>

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and are not reported in the funds	74,263,341
Allowance for doubtful accounts is not reported in the funds for taxes receivable to be collected over several years	(9,000)
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds	824,776
Special assessment receivables are expected to be collected over several years, and are not available to pay for current year expenditures	239,083
Long-term liabilities and accrued interest are not due and payable in the current period and are not reported in the funds	(24,878,837)
Financial interest in joint ventures outside the governmental activities are not considered financial resources and therefore are not reported in the funds	5,961,489
Internal Service Funds are included as part of governmental activities	2,944
<b>Net assets of governmental activities</b>	<b>\$ 81,232,205</b>

# City of Roseville, Michigan

## Governmental Funds Statement of Revenue, Expenditures, and Changes in Fund Balances Year Ended June 30, 2003

	General Fund	Major Streets	Local Streets	Capital Projects	Other Non- major Governmental Funds	Total Governmental Funds
<b>Revenues</b>						
Property taxes	\$ 18,430,310	\$ -	\$ -	\$ -	\$ 1,035,257	\$ 19,465,567
Fees and fines	2,434,268	-	-	-	-	2,434,268
Licenses and permits	666,658	-	-	-	-	666,658
Federal sources	141,669	-	-	-	613,228	754,897
State sources	5,806,039	2,244,099	699,695	-	-	8,749,833
Local sources	-	-	-	-	195,518	195,518
Special assessments	-	-	-	560,909	-	560,909
Credits from Macomb County	-	-	-	-	25,754	25,754
Charges for services	425,063	-	-	-	-	425,063
Investment income	530,415	54,506	3,580	193,185	45,954	827,640
Other	1,784,091	-	-	16,629	313,787	2,114,507
<b>Total revenues</b>	<b>30,218,513</b>	<b>2,298,605</b>	<b>703,275</b>	<b>770,723</b>	<b>2,229,498</b>	<b>36,220,614</b>
<b>Expenditures</b>						
Current:						
General government	5,487,802	200,000	70,000	-	103,081	5,860,883
Public safety	14,553,707	-	-	-	-	14,553,707
Public works	2,599,342	917,367	1,043,583	-	565,957	5,126,249
Recreation and culture	3,532,796	-	-	-	359,993	3,892,789
Construction and development	-	1,669,909	89,807	1,916,243	364,100	4,040,059
Debt service:						
Principal	-	-	-	-	1,585,586	1,585,586
Interest and other charges	-	-	-	-	1,039,881	1,039,881
Other	2,242,369	-	-	-	-	2,242,369
<b>Total expenditures</b>	<b>28,416,016</b>	<b>2,787,276</b>	<b>1,203,390</b>	<b>1,916,243</b>	<b>4,018,598</b>	<b>38,341,523</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>1,802,497</b>	<b>(488,671)</b>	<b>(500,115)</b>	<b>(1,145,520)</b>	<b>(1,789,100)</b>	<b>(2,120,909)</b>
<b>Other Financing Sources (Uses)</b>						
Transfers in	-	52,151	706,349	-	1,371,037	2,129,537
Transfers out	(1,243,406)	(450,000)	(293,169)	(142,962)	-	(2,129,537)
Proceeds from sale of assets	-	-	-	167,596	-	167,596
Debt issuance - Net of defeasance	-	-	-	1,929,403	-	1,929,403
<b>Total other financing sources (uses)</b>	<b>(1,243,406)</b>	<b>(397,849)</b>	<b>413,180</b>	<b>1,954,037</b>	<b>1,371,037</b>	<b>2,096,999</b>
<b>Change in Fund Balance</b>	<b>559,091</b>	<b>(886,520)</b>	<b>(86,935)</b>	<b>808,517</b>	<b>(418,063)</b>	<b>(23,910)</b>
<b>Fund Balances - Beginning of year</b>	<b>12,746,733</b>	<b>1,841,823</b>	<b>2,087,679</b>	<b>4,291,422</b>	<b>3,884,662</b>	<b>24,852,319</b>
<b>Fund Balances - End of year</b>	<b>\$ 13,305,824</b>	<b>\$ 955,303</b>	<b>\$ 2,000,744</b>	<b>\$ 5,099,939</b>	<b>\$ 3,466,599</b>	<b>\$ 24,828,409</b>

# City of Roseville, Michigan

## Governmental Funds Reconciliation of the Statement of Revenue, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended June 30, 2003

**Net Change in Fund Balances - Total Governmental Funds** \$ (23,910)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation:

Capital outlay	5,487,737
Depreciation	(2,556,084)

In the statement of activities the gain on sale of assets is recorded; in the funds the proceeds from sale of assets is reported (34,542)

Special assessment revenues are recorded in the statement of activities when the assessment is set; they are not reported in the funds until collected or collectible within 60 days of year end (119,172)

Revenue reported in the statement of activities that does not provide current financial resources and is not reported as revenue in the governmental funds 360,914

Joint venture revenue 276,278

Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities where it reduces long-term debt 1,585,586

Change in personal property tax multiplier (80,420)

Bond proceeds are reported as financing sources in the funds but not on the statement of activities where it increases long term debt (1,929,403)

Forgiveness of debt is not reported in the funds but is reported on the statement of activities where it is extraordinary revenue 4,302,000

Interest expense is reported when due in the funds; in the statement of activities, interest is reported when incurred 91,798

Increase in accumulated employee sick and vacation pay, as well as estimated general liability claims, are recorded when earned in the statement of activities (137,254)

Internal Service Funds are also included as governmental activities (105,027)

**Change in Net Assets of Governmental Activities** **\$ 7,118,501**

# City of Roseville, Michigan

## Proprietary Funds Statement of Net Assets June 30, 2003

	Business-type Activities	Governmental Activities
	Enterprise Fund - Water and Sewer	Internal Service Fund - Self Insurance
<b>Assets</b>		
Current assets:		
Cash and investments (Note 3)	\$ 3,883,672	\$ 81,215
Receivables:		
Customers	2,033,199	-
Accrued interest	7,890	-
Other	7,274	-
Due from other funds (Note 6)	66,640	565,000
Inventories	133,198	-
Total current assets	6,131,873	646,215
Noncurrent assets - Capital assets - Net (Note 5)	6,986,115	-
Total assets	13,117,988	646,215
<b>Liabilities</b>		
Current liabilities:		
Accounts payable	1,123,075	643,270
Accrued and other liabilities	49,000	-
Due to other funds (Note 6)	50,000	-
Due to other governmental units	28,244	-
Cash bonds and deposits	83,503	-
Provision for current portion of compensated absences (Note 7)	91,123	-
Total current liabilities	1,424,945	643,270
Noncurrent liabilities - Provision for compensated absences - Net of current portion (Note 7)	125,815	-
Total liabilities	1,550,760	643,270
<b>Net Assets</b>		
Investment in capital assets - Net of related debt	6,986,115	-
Restricted	-	-
Unrestricted	4,581,113	2,945
Total net assets	<u>\$ 11,567,228</u>	<u>\$ 2,945</u>

# City of Roseville, Michigan

## Proprietary Funds Statement of Revenue, Expenses, and Changes in Net Assets Year Ended June 30, 2003

	Business-type Activities	Governmental Activities
	Enterprise Fund - Water and Sewer	Internal Service Fund - Self Insurance
<b>Operating Revenue</b>		
Water sales	\$ 1,477,701	\$ -
Sewage treatment	4,064,200	-
Penalties	257,762	-
Maintenance charges	3,520,578	-
Other	206,591	-
Charges for service	-	5,258,922
Total operating revenue	9,526,832	5,258,922
<b>Operating Expenses</b>		
Water purchases	1,579,489	-
Sewage treatment	4,411,193	-
Salaries and wages	1,120,766	-
Fringe benefits	526,802	-
Depreciation	340,516	-
Benefit payments and other costs	-	5,369,624
Other	547,479	-
Total operating expenses	8,526,245	5,369,624
<b>Operating Income (Loss)</b>	1,000,587	(110,702)
<b>Nonoperating Revenue</b> - Interest income	44,281	5,675
<b>Income (Loss)</b> - Before contributions	1,044,868	(105,027)
<b>Capital Contributions</b>	44,268	-
<b>Change in Net Assets</b>	1,089,136	(105,027)
<b>Net Assets</b> - Beginning of year	10,478,092	107,972
<b>Net Assets</b> - End of year	\$ 11,567,228	\$ 2,945

# City of Roseville, Michigan

## Proprietary Funds Statement of Cash Flows Year Ended June 30, 2003

	Business-type Activities	Governmental Activities
	Enterprise Fund Water and Sewer	Internal Service Fund - Self Insurance
<b>Cash Flows from Operating Activities</b>		
Receipts from customers	\$ 10,084,803	\$ 4,707,644
Payments to employees for services	(1,621,453)	-
Payments to suppliers for goods and services	(6,566,687)	-
Claims paid	-	(5,129,285)
Net cash provided by (used in) operating activities	1,896,663	(421,641)
<b>Cash Flows from Capital and Related Financing Activities - Purchase of capital assets</b>	(548,803)	-
<b>Cash Flows from Investing Activities</b>		
Interest received on investments	36,391	5,675
Purchase of investments	(1,000,000)	-
Net cash provided by (used in) investing activities	(963,609)	5,675
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	384,251	(415,966)
<b>Cash and Cash Equivalents - Beginning of year</b>	2,499,421	497,181
<b>Cash and Cash Equivalents - End of year</b>	<u>\$ 2,883,672</u>	<u>\$ 81,215</u>
<b>Balance Sheet Classification of Cash and Cash Equivalents</b>		
Cash and investments	\$ 3,883,672	\$ 81,215
Investments greater than 90 days	(1,000,000)	-
Total cash and investments	<u>\$ 2,883,672</u>	<u>\$ 81,215</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash from Operating Activities</b>	-	
Operating income (loss)	\$ 1,000,587	\$ (110,702)
Adjustments to reconcile operating income (loss) to net cash from operating activities:		
Depreciation and amortization	340,516	-
Changes in assets and liabilities:		
Receivables	584,717	13,724
Other assets	(7,275)	-
Due from other funds	17,800	(565,000)
Inventory	(4,238)	-
Accounts payable	66,581	240,337
Accrued and other liabilities	26,116	-
Due to other governmental units	(58,668)	-
Due to other funds	(50,000)	-
Cash bond and deposits	(19,473)	-
Net cash provided by (used in) operating activities	<u>\$ 1,896,663</u>	<u>\$ (421,641)</u>

**Noncash Investing, Capital, and Financing Activities** - During the year ended June 30, 2003, the Enterprise Fund recorded a \$44,268 capital contribution in the form of capital assets related to water and sewer lines donated by developers.

# City of Roseville, Michigan

## Fiduciary Funds Statement of Net Assets June 30, 2003

	Employees' Pension Trust Fund	Agency Funds
<b>Assets</b>		
Cash and cash equivalents	\$ -	\$ 65,944
Bank investment pool funds	-	195,355
Mutual funds	6,220,931	-
Corporate bonds	19,010,253	-
U.S. government securities	25,998,677	-
Common stock	51,243,189	-
Accrued interest	530,926	-
	<hr/>	<hr/>
Total assets	103,003,976	<u>\$ 261,299</u>
<b>Liabilities</b>		
Accounts payable	79,946	\$ -
Accrued and other liabilities	-	248,043
Due to other governmental units	-	13,256
	<hr/>	<hr/>
Total liabilities	79,946	<u>\$ 261,299</u>
<b>Net Assets - Held in trust for employee benefits</b>	<u><b>\$ 102,924,030</b></u>	

# City of Roseville, Michigan

## Fiduciary Funds Statement of Changes in Net Assets Year Ended June 30, 2003

	<u>Employees' Pension Trust Fund</u>
<b>Additions</b>	
Investment income:	
Interest and dividends	\$ 3,557,411
Net decrease in fair value of investments	(651,896)
Less investment expenses	<u>(374,654)</u>
Net investment income	2,530,861
Contributions:	
Employer	2,449,110
Employee	<u>1,155,262</u>
Total contributions	3,604,372
Other additions	<u>10,517</u>
Total additions	6,145,750
<b>Deductions</b>	
Benefit payments	6,264,842
Refunds of contributions	402,585
Hospitalization expenses	2,269,484
Administrative expenses	<u>150,722</u>
Total deductions	<u>9,087,633</u>
<b>Net Decrease</b>	(2,941,883)
<b>Net Assets Held in Trust for Benefits</b>	
Beginning of year	<u>105,865,913</u>
End of year	<u><b>\$ 102,924,030</b></u>
<b>Reserved for Pension Benefits - Beginning of year</b>	\$ 100,291,739
<b>Net Decrease</b>	<u>(1,642,688)</u>
<b>Reserved for Pension Benefits - End of year</b>	<u><b>\$ 98,649,051</b></u>
<b>Reserved for Postemployment Health Care Benefits - Beginning of year</b>	\$ 5,574,174
<b>Net Decrease</b>	<u>(1,299,195)</u>
<b>Reserved for Pension Benefits - End of year</b>	<u><b>\$ 4,274,979</b></u>

## **Note 1 - Summary of Significant Accounting Policies**

The accounting policies of the City of Roseville, Michigan (the "City") conform to accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental units. The following is a summary of the significant accounting policies used by the City:

### **Reporting Entity**

The City of Roseville, Michigan is governed by an elected seven-member council. As required by generally accepted accounting principles, these financial statements present the City of Roseville, Michigan and its component units. The individual component units discussed below are included in the City's reporting entity because of the significance of their operational or financial relationships with the City.

### **Blended Component Units**

The City of Roseville Building Authority is governed by a board that is appointed by the City Council. Although it is legally separate from the City, it is reported as if it were part of the primary government because its primary purpose is to finance and construct the City's public buildings.

The City of Roseville Employees' Retirement System has been blended into the City's financial statements. The system is governed by a five-member Pension Board that includes three individuals chosen by the City Council. The system is reported as if it were part of the primary government because of the fiduciary responsibility that the City retains relative to the operations of the retirement system.

The City of Roseville District Court Funds have also been blended into the City's financial statements. The financial activities of the funds are limited to collections of amounts that are subsequently returned or paid to third parties. The funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations. The District Court is reported as if it were part of the primary government because of the fiduciary responsibility that the City retains relative to the operations of the District Court.

The City has excluded the Housing Commission from this report because the City is not able to impose its will on the Housing Commission. The Housing Commission's financial statements have been issued under separate cover.

**Jointly Governed Organizations** - Jointly governed organizations are discussed in Note 14.

## **Note I - Summary of Significant Accounting Policies (Continued)**

### **Government-wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, normally supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include: (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment; and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and the major Enterprise Fund are reported as separate columns in the fund financial statements.

### **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The government-wide financial statements are reported using the economic resources measurement focus and the full accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

## **Note I - Summary of Significant Accounting Policies (Continued)**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, expenditures relating to compensated absences, and claims and judgments are recorded only when payment is due.

Revenues are recognized in the accounting period in which they become susceptible to accrual - that is, when they become both measurable and available to finance expenditures of the current fiscal period. Property taxes, State-shared revenue, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

**General Fund** - The General Fund is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Major Streets Fund** - The Major Streets Fund accounts for the resources of State gas and weight tax revenues that are restricted for use on major streets.

**Local Streets Fund** - The Local Streets Fund accounts for the resources of State gas and weight tax revenues that are restricted for use on local streets.

**Capital Projects Fund** - The Capital Projects Fund accounts for the proceeds of bond issuances and all other resources used for the purpose of constructing all major capital improvement projects of the City.

The City reports the following major proprietary fund:

**Enterprise Fund** - The Enterprise Fund accounts for the activities of the water distribution system and sewage collection system.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

Additionally, the City reports the following fund types:

**Internal Service Fund** - The Internal Service Fund accounts for the financing of goods or services provided by one department or agency to other departments or agencies of the City. The City's Internal Service Fund is used to account for current health care coverage provided for City employees and their dependents and to provide a reserve for future catastrophic health care claims.

**Trust and Agency Funds** - Trust and Agency Funds account for assets held by the City in a trustee capacity or as an agent for individuals, employees, organizations, other governments, or other funds. These include the Employees' Pension Trust Fund, the Miscellaneous Agency Fund, the P.A.I.R. Fund, the Tax Collection Fund, and the District Court Fund. The Employees' Pension Trust Fund is accounted for in the same manner as proprietary funds. The other agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exception to this general rule are charges between the City's water and sewer function and various other functions of the City. Eliminations of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Proprietary funds distinguish operating revenue and expenses from nonoperating items. Operating revenue and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenue of the City's proprietary fund relates to charges to customers for water and sewer sales. The Enterprise Fund also recognizes the portion of tap fees intended to recover current costs (e.g., labor and materials to hook up new customers) as operating revenue. The portion intended to recover the cost of the infrastructure is recognized as nonoperating revenue. Operating expenses for the proprietary fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

Private sector standards of accounting issued before December 1, 1989 are generally followed in both the governmental-wide and proprietary fund financial statements to the extent that those standards do not conflict with the standards of the Governmental Accounting Standards Board. The City has elected not to apply private sector standards issued after November 30, 1989 for its Enterprise Fund.

### **Assets, Liabilities, and Net Assets or Equity**

**Bank Deposits and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Receivables and Payables** - In general, outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as "internal balances."

**Property Taxes** - All trade and property tax receivables are shown net of allowance for uncollectible amounts. Property taxes are levied on each December 1 on the taxable valuation of property as of the preceding December 31. Property taxes are billed on July 1 of the following year due by September 1 with the final collection date of February 28. Taxes are considered delinquent on March 1 of the following year, at which time penalties and interest are assessed.

The City tax mileage rate is 16.38, which is comprised of 14.00 general operating, 1.48 refuse collection, .53 debt service, and .37 Chapter 20 drain. The General Fund, General Debt Fund, and Chapter 20 Drain Fund received \$18,515,498, \$612,307, and \$427,433, respectively, in property tax revenue in the current year.

**Inventories and Prepaid Costs** - Inventories are valued at cost, on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future fiscal years and are recorded as prepaid items in both government-wide and fund financial statements.

**Restricted Assets** - The City's share of the unspent bond proceeds held at the County require amounts to be set aside for construction. These amounts have been classified as restricted assets.

## **Note I - Summary of Significant Accounting Policies (Continued)**

**Capital Assets** - Capital assets, which include property, buildings, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities column in the government-wide financial statements. Capital assets are defined by the City as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Capital assets are depreciated using the straight-line method over the following useful lives:

Buildings and building improvements	20-50 years
Roads and sidewalks	30-50 years
Water and sewer distribution systems	50-75 years
Other tools and equipment	3-15 years

**Compensated Absences (Vacation and Sick Leave)** - The City allows employees to accumulate earned but unused sick and vacation pay benefits. A liability for these amounts is reported in governmental funds only as it comes due for payment. The government-wide and proprietary statements accrue vacation and personal pay as it is earned and sick pay is accrued as it is used or vested (whichever is earlier). As of June 30, 2003, no liability is reported in the governmental funds.

**Long-term Obligations** - In the government-wide financial statements and the proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund-type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bond using the effective interest method. Bonds payable are reported net of applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the debt. On the fund financial statements, governmental fund types recognize bond premium and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

## **Note 1 - Summary of Significant Accounting Policies (Continued)**

**Fund Equity** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### **Accounting and Reporting Changes**

**GASB Statement No. 34** - Effective July 1, 2002, the City has applied the provisions of the Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statement - and Management's Discussion and Analysis - for State and Local Governments* (GASB No. 34) in the accompanying financial statements (including notes to the financial statements). Significant changes to the City's financial statements as a result of GASB No. 34 are as follows:

- A management's discussion and analysis (MD&A) section providing analysis of the City's overall financial position and results of operation has been included
- Government-wide financial statements (statement of net assets and statement of activities) prepared using full accrual accounting for all of the City's activities, including infrastructure (roads, bridges, etc.)
- A change in the fund financial statements to focus on the major funds
- Capital assets in the governmental activities column of the statement of net assets includes infrastructure assets (roads, bridges, etc.) of \$27,138,245 not previously accounted for by the City as well as assets totaling \$47,125,096 previously reported in the General Fixed Assets Account Group. In addition, the governmental activities column includes bonds and other long-term obligations totaling \$24,591,659 previously reported in the General Long-term Debt Account Group.

## **Note 2 - Stewardship, Compliance, and Accountability**

**Budgetary Information** - Annual budgets are adopted on a basis consistent with generally accepted accounting principles for the General Fund and all Special Revenue Funds, with the following exception:

- Operating and reimbursement transfers between funds were budgeted in the "revenue" and "expenditures" categories.

## **Note 2 - Stewardship, Compliance, and Accountability (Continued)**

The City adopts its budget on an activity basis for the General Fund, Special Revenue Funds, Debt Service Funds, and Capital Projects Fund, which is in accordance with the State's legal requirement and is the level of classification detail at which expenditures may not legally exceed appropriations.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

- Prior to February 1, all departments and entities within the City submit to the City Manager their proposed operating budget for the fiscal year commencing the following July 1.
- On the second Tuesday in April, the City Manager submits to the City Council a proposed balanced operating budget for the next fiscal year. The operating budget includes proposed expenditures and the means of financing them.
- A public hearing is conducted to obtain taxpayer comments.
- Prior to the first Monday in May, the budget is legally adopted by the City Council through adoption of the appropriation ordinance.
- The City Manager is authorized to transfer budgeted amounts within budgetary activities; however, any revisions that alter the total expenditures of any budgetary activity must be approved by the City Council.

Budgeted amounts of the revenues and expenditures presented for the General, Special Revenue, Debt Service, and Capital Project Funds are a summarization of the budgeted amounts as originally adopted or as amended by the City Council. Individual amendments were not material in relation to the original appropriations that were adopted. Unexpended appropriations lapse at year-end; encumbrances are not included as expenditures. During the current year, the budget was amended in a legally permissible manner. A comparison of the budget with statements of actual revenues and expenditures, including budget variances, for the General Fund and major governmental funds is presented as required supplemental information. A comparison of the actual results of operations to the nonmajor fund budgets as adopted by the City Council is available at the clerk's office for inspection.

**Fund Deficits** - The City has an accumulated fund deficit in the Special Revenue - Community Development Block Grant Fund. The deficit is the result of a federal reimbursement of eligible costs not being received within 60 days of year end. The City expects to receive these funds in the upcoming fiscal year.

### Note 2 - Stewardship, Compliance, and Accountability (Continued)

**Noncompliance with Legal or Contractual Provisions** - The City has not currently adopted a formal policy to make and accept electronic fund transfers (ACH payments). A formal policy is required under Public Act 738.

**State Construction Code Act** - The City oversees building construction, in accordance with the State's Construction Code Act, including inspection of building construction and renovation to ensure compliance with the building codes. The City charges fees for these services. Beginning January 1, 2000, the law requires that collection of these fees be used only for construction code costs, including an allocation of estimated overhead costs. A summary of the current year activity and the cumulative shortfall generated since January 1, 2000 is as follows:

Cumulative shortfall - July 1, 2002		\$ (539,360)
Building permit revenue		477,557
Related expenditures:		
Direct costs	\$ 768,678	
Estimated indirect costs	<u>76,868</u>	
Total construction code expenditures		<u>845,546</u>
Cumulative shortfall - June 30, 2003		<u><u>\$ (907,349)</u></u>

### Note 3 - Deposits and Investment

Michigan Compiled Laws, Section 129.91 authorizes the City to make deposits and invest in the accounts of federally insured banks, credit unions, and savings and loan associations that have offices in Michigan. The local unit is allowed to invest in bonds, securities, and other direct obligations of the United States or any agency or instrumentality of the United States; repurchase agreements; bankers' acceptances of United States banks; commercial paper rated within the two highest classifications, which matures not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions, which are rated as investment grade; and mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

### Note 3 - Deposits and Investment (Continued)

The City of Roseville, Michigan's deposits and investment policies are in accordance with statutory authority. The City has one designated bank for the deposit of City funds. The investment policy adopted by the Board in accordance with Public Act 196 of 1997 has authorized investment in bonds and securities of the United States government and bank accounts and CDs, but not the remainder of State statutory authority as listed above.

The Employees' Pension Trust Fund is also authorized by Michigan Public Act 485 of 1996 to invest in certain reverse repurchase agreements, stocks, diversified investment companies, annuity investment contracts, real estate leased to public entities, mortgages, debt or equity of certain small businesses, certain State and local government obligations, and certain other specified investment vehicles.

At year end, the deposits and investments were reported in the basic financial statements in the following categories:

	Governmental Activities	Business-type Activities	Total Primary Government	Fiduciary Funds
Cash and cash equivalents	\$ 14,727,127	\$ 1,000,050	\$ 15,727,177	\$ 65,944
Investments	8,820,021	2,883,622	11,703,643	102,668,405
Total	<u>\$ 23,547,148</u>	<u>\$ 3,883,672</u>	<u>\$ 27,430,820</u>	<u>\$ 102,734,349</u>

The breakdown between deposits and investments for the City is as follows:

	Primary Government	Fiduciary Funds
Bank deposits (checking accounts, savings accounts, and certificates of deposit)	\$ 15,722,117	\$ 65,944
Investments in securities, mutual funds, and similar vehicles	11,703,643	102,668,405
Petty cash or cash on hand	<u>5,060</u>	<u>-</u>
Total	<u>\$ 27,430,820</u>	<u>\$ 102,734,349</u>

## **Note 3 - Deposits and Investment (Continued)**

### **Deposits**

The bank balance of the City's primary government and fiduciary federal deposits (without recognition of checks written but not yet cleared or of deposits in transit) is approximately \$14,000,000, of which \$1,400,000 is covered by federal depository insurance and the remainder was uninsured and uncollateralized.

The City believes that due to the dollar amounts of cash deposits and the limits of FDIC insurance, it is impractical to insure all bank deposits. As a result, the City evaluates each financial institution with which it deposits City funds and assesses the level of risk of each institution; only those institutions with an acceptable estimated risk level are used as depositories.

### **Investments**

The City's Investments are categorized below to give an indication of the level of risk assumed by the City at June 30, 2003:

Category 1 - Insured or registered, or securities held by the City or its agent in the City's name;

Category 2 - Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the City's name; and

Category 3 - Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the City's name.

### Note 3 - Deposits and Investment (Continued)

At year end, the City's investment balances were categorized as follows:

	Category			Reported Amount (Fair Value)
	1	2	3	
Primary government - Investment not subject to categorization - Bank investment pool funds	\$ -	\$ -	\$ -	\$ 11,703,643
Fiduciary funds:				
Corporate bonds	\$ -	\$ 19,010,253	\$ -	\$ 19,010,253
U.S. government securities	-	25,998,677	-	25,998,677
Common stock	-	51,243,189	-	51,243,189
Total	\$ -	\$ 96,252,119	\$ -	96,252,119
Investments not subject to categorization:				
Bank investment pool funds				195,355
Mutual funds				6,220,931
Total fiduciary funds				\$ 102,668,405

Investments not subject to categorization are not evidenced by securities that exist in physical or book entry form. The bank investment pools and mutual funds are not categorized because they are not evidenced by securities that exist in physical or book entry form. The mutual funds are registered with the SEC. The bank investment pools are regulated by the Michigan Banking Act. The fair value of the position in the bank investment pools is the same as the value of the pool shares.

Included in the Employees' Pension Trust Fund's investments at June 30, 2003 are the following:

Asset-backed securities of approximately \$1,425,000. These securities are backed by credit card or other receivables and typically include credit enhancements in the form of over-collateralization, third-party letters of credit, seller recourse, insurance company guarantees, and/or senior subordinated structures. These securities are generally considered to offer moderate credit risk, but such risk varies depending on the type of asset being securitized and the extent and nature of the credit enhancement. Prepayment of these "pay through" securities could result in difficulty reinvesting the prepaid amounts in investments with comparable yields.

### Note 3 - Deposits and Investment (Continued)

U.S. government agency collateralized mortgage obligations of approximately \$18,109,000. Except for approximately \$3,697,000 issued by the Government National Mortgage Association, these investments are not backed by the full faith and credit of the U.S. government, but are generally considered to offer modest credit risk. The yields provided by these mortgage-related securities historically have exceeded the yields on other types of U.S. government securities with comparable maturities, in large measure due to the potential for prepayment. Prepayment could result in difficulty in reinvesting the prepaid amounts in investments with comparable yields.

### Note 4 - Receivables

Receivables as of year end for the City's individual major funds and the nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	General Fund	Major Street Fund	Local Street Fund	Capital Projects	Nonmajor and Other Funds	Total
Receivables:						
Taxes	\$ 279,589	\$ -	\$ -	\$ 16,463	\$ -	\$ 296,052
Special assessments	-	-	-	-	347,549	347,549
Intergovernmental	1,921,813	415,985	120,825	89,057	-	2,547,680
Interest and other	714,995	4,055	-	42,260	13,393	774,703
Net receivables	<u>\$ 2,916,397</u>	<u>\$ 420,040</u>	<u>\$ 120,825</u>	<u>\$ 147,780</u>	<u>\$ 360,942</u>	<u>\$ 3,965,984</u>

Governmental funds report deferred revenue in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received but not yet earned. At the end of the current fiscal year, the various components of deferred revenue are as follows:

	Unavailable
Delinquent property taxes	\$ 407,344
Special assessments	288,273
Grant and categorical aid payment received prior to meeting all eligibility requirements	89,057
Total	<u>\$ 784,674</u>

### Note 5 - Capital Assets

Capital asset activity of the City's governmental and business-type activities was as follows:

	Balance July 1, 2002	Additions	Disposals and Adjustments	Balance June 30, 2003
<b>Governmental Activities</b>				
Capital assets not being depreciated -				
Land	\$ 31,122,728	\$ 36,089	\$ -	\$ 31,158,817
Capital assets being depreciated:				
Roads and sidewalks	52,202,814	3,095,023	-	55,297,837
Buildings and improvements	14,152,904	1,189,521	-	15,342,425
Other tools and equipment	9,923,592	1,167,104	445,641	10,645,055
Subtotal	76,279,310	5,451,648	445,641	81,285,317
Accumulated depreciation:				
Roads and sidewalks	27,135,516	1,024,076	-	28,159,592
Buildings and improvements	4,385,969	371,852	-	4,757,821
Other tools and equipment	4,514,323	1,160,156	411,099	5,263,380
Subtotal	36,035,808	2,556,084	411,099	38,180,793
Net capital assets being depreciated	40,243,502	2,895,564	34,542	43,104,524
Net governmental capital assets	\$ 71,366,230	\$ 2,931,653	\$ 34,542	\$ 74,263,341
<b>Business-type Activities</b>				
Capital assets being depreciated:				
Water and sewer distribution systems	\$ 16,955,144	\$ 311,701	\$ -	\$ 17,266,845
Buildings and building improvements	126,653	-	-	126,653
Other tools and equipment	1,018,944	281,370	129,889	1,170,425
Subtotal	18,100,741	593,071	129,889	18,563,923
Accumulated depreciation:				
Water and sewer distribution systems	10,427,530	272,183	-	10,699,713
Buildings and building improvements	110,348	1,087	-	111,435
Other tools and equipment	829,303	67,246	129,889	766,660
Subtotal	11,367,181	340,516	129,889	11,577,808
Net business-type capital assets	\$ 6,733,560	\$ 252,555	\$ -	\$ 6,986,115

# City of Roseville, Michigan

## Notes to Financial Statements June 30, 2003

### Note 5 - Capital Assets (Continued)

Depreciation expense was charged to programs of the primary government as follows:

Governmental activities:		
General government		\$ 287,920
Public safety		369,706
Public works		1,150,630
Recreation and culture		<u>747,828</u>
Total governmental activities		<u>\$ 2,556,084</u>
Business-type activities		<u>\$ 340,516</u>

### Note 6 - Interfund Receivables, Payables, and Transfers

The composition of interfund balances is as follows:

Receivable Fund	Payable Fund	Amount
<b>Due to/from Other Funds</b>		
General Fund	Major Streets Fund	\$ 308,069
	Enterprise Fund	50,000
	Capital Projects Fund	33,895
	Other governmental funds	<u>285,896</u>
Total General Fund		677,860
Major Streets Fund	Capital Projects Fund	128,371
Local Streets Fund	General Fund	321,804
	Major Streets Fund	1,275,831
	Other governmental funds	<u>15,598</u>
Total Local Streets Fund		1,613,233

# City of Roseville, Michigan

## Notes to Financial Statements June 30, 2003

### Note 6 - Interfund Receivables, Payables, and Transfers (Continued)

Receivable Fund	Payable Fund	Amount
Other governmental funds	Capital Projects Fund	\$ 185,620
	Other governmental funds	<u>23,468</u>
Total other governmental funds		<u>209,088</u>
Total governmental funds		<u>\$ 2,628,552</u>
Enterprise Fund	General Fund	66,640
Internal Service Fund	General Fund	<u>565,000</u>
Total proprietary funds		<u>\$ 631,640</u>

### Interfund Transfers

	Transfers Out				Total
	General Fund	Major Streets Fund	Local Streets Fund	Capital Projects Fund	
Transfers in:					
Major Streets Fund	\$ -	\$ -	\$ -	\$ 52,151	\$ 52,151
Local Streets Fund	250,000	450,000	-	6,349	706,349
Other governmental funds	<u>993,406</u>	<u>-</u>	<u>293,169</u>	<u>84,462</u>	<u>1,371,037</u>
Total	<u>\$ 1,243,406</u>	<u>\$ 450,000</u>	<u>\$ 293,169</u>	<u>\$ 142,962</u>	<u>\$ 2,129,537</u>

### Note 7 - Long-term Debt

The City issues bonds to provide for the acquisition and construction of major capital facilities. General obligation bonds are direct obligations and pledge the full faith and credit of the City. County contractual agreements and installment purchase agreements are also general obligations of the government. Special assessment bonds provide for capital improvements that benefit specific properties, and will be repaid from amounts levied against those properties benefited from the construction. In the event that a deficiency exists because of unpaid or delinquent special assessments at the time a debt service payment is due, the City is obligated to provide resources to cover the deficiency until other resources (such as tax sale proceeds or a re-assessment of the district) are received.

### Note 7 - Long-term Debt (Continued)

Long-term obligation activity can be summarized as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due within One Year
<b>Governmental Activities*</b>					
General Obligation Bonds:					
Macomb County Southeast Wastewater Disposal System	\$ 238,525	\$ -	\$ 238,525	\$ -	\$ -
1993 Judgment Funding Bonds	175,000	-	175,000	-	-
1993 Limited Tax Bonds	25,000	-	25,000	-	-
1994 Limited Tax Bonds	125,000	-	50,000	75,000	75,000
Unlimited Tax General Obligation Library Bonds	2,115,000	-	105,000	2,010,000	110,000
1996 MVH Paving Bonds	1,055,000	-	245,000	810,000	255,000
South Macomb Disposal Authority Bonds (Note 14)	4,302,000	-	4,302,000	-	-
Special Assessment Bonds:					
1993 Special Assessment Limited Tax Bonds	80,000	-	80,000	-	-
1995 Special Assessment Limited Tax Bonds	100,000	-	50,000	50,000	50,000
Building Authority Bonds :					
1992 Building Authority Bonds - Recreation Center	330,000	-	60,000	270,000	60,000
Building Authority Refunding Bonds - Series 1993	1,000,000	-	150,000	850,000	175,000
Building Authority Police-Court-Fire Station Renovation Bonds - Series 1999	6,100,000	-	200,000	5,900,000	225,000
County Drain Contract Obligation:					
Lake St. Clair Water Initiative Drainage District - Series A	1,842,156	265,734	32,270	2,075,620	39,035
Lake St. Clair Water Initiative Drainage District - Series B	3,428,798	-	1,576,360	1,852,438	-
Lake St. Clair Water Initiative Drainage District - SRF Project 5186-01	3,830,157	560,151	-	4,390,308	170,982
Lake St. Clair Water Initiative Drainage District - SRF Project 5186-02	536,950	2,119,537	-	2,656,487	103,297
Lake St. Clair Water Initiative Drainage District - SRF Project 5186-03	40,004	474,532	-	514,536	20,465
<b>Total bond obligations</b>	<b>25,323,590</b>	<b>3,419,954</b>	<b>7,289,155</b>	<b>21,454,389</b>	<b>1,283,779</b>
Installment purchase agreements:					
Installment loan - Fire truck	53,000	-	53,000	-	-
Installment loan - Ambulance	44,744	-	32,499	12,245	12,245
Installment loan - Street sweeper	35,900	-	35,900	-	-
Installment loan - Computer software	227,260	-	53,392	173,868	55,612
Tax tribunal provision	502,000	80,420	-	582,420	-
Compensated absences	2,231,483	178,291	41,037	2,368,737	1,285,797
<b>Total installment purchase agreements, tax tribunal provision, and compensated absences</b>	<b>3,094,387</b>	<b>258,711</b>	<b>215,828</b>	<b>3,137,270</b>	<b>1,353,654</b>
<b>Total governmental activities</b>	<b>\$ 28,417,977</b>	<b>\$ 3,678,665</b>	<b>\$ 7,504,983</b>	<b>\$ 24,591,659</b>	<b>\$ 2,637,433</b>
<b>Business-type Activities - Compensated absences</b>	<b>\$ 193,853</b>	<b>\$ 28,651</b>	<b>\$ 5,566</b>	<b>\$ 216,938</b>	<b>\$ 91,123</b>

\* The original issue amount, principal maturing ranges, maturity date, and interest range for each issuance is located in the other supplemental section.

### Note 7 - Long-term Debt (Continued)

Annual debt service requirements to maturity for the above governmental bond and note obligations are as follows:

	Governmental Activities		
	Principal	Interest	Total
2004	\$ 1,351,636	\$ 857,748	\$ 2,209,384
2005	3,097,367	673,273	3,770,640
2006	1,318,655	682,487	2,001,142
2007	1,017,605	623,311	1,640,916
2008	931,886	579,300	1,511,186
2009-2013	4,522,109	2,344,768	6,866,877
2014-2018	4,900,045	1,352,360	6,252,405
2019-2023	3,666,261	433,998	4,100,259
2024-2028	561,260	143,932	705,192
2029-2030	273,678	43,468	317,146
Total	<u>\$ 21,640,502</u>	<u>\$ 7,734,645</u>	<u>\$ 29,375,147</u>

### Note 8 - Restricted Assets

Restricted assets held at the County to pay for future construction expenditures at June 30, 2003 consist of the following:

	Governmental Activities
City's share of unspent bond proceeds and related interest held at the County	\$ 1,527,005
Less current liabilities related to City's share of construction construction expenditures	<u>(353,899)</u>
Total net restricted assets	<u>\$ 1,173,106</u>

### Note 9 - Risk Management

The City is exposed to various risks of loss related to property loss, torts, errors and omissions, and employee injuries (workers' compensation), as well as medical benefits provided to employees. The City has purchased commercial insurance for property loss, torts, errors and omissions, and workers' compensation claims; the City is partially uninsured for employee medical benefit claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

Under the employee medical benefit plan, the City is liable for claims up to a maximum amount of \$175,000 per employee and for the aggregate total of all employees of approximately \$6,357,000 annually. The City has purchased stop-loss insurance coverage of \$1,000,000 for aggregate claims in excess of \$6,357,000.

The City estimates the liability for employee medical benefit claims that have been incurred through the end of the fiscal year, including claims that have been reported as well as those that have not yet been reported. The estimates are recorded in the Self Insurance Internal Service Fund. Changes in the estimated liability for the past two fiscal years were as follows:

	2003	2002
Estimated liability - Beginning of year	\$ 399,854	\$ 600,593
Estimated claims incurred including changes in estimates	5,369,624	4,291,927
Claim payments	<u>(5,126,208)</u>	<u>(4,492,666)</u>
Estimated liability - End of year	<u>\$ 643,270</u>	<u>\$ 399,854</u>

### Note 10 - Defined Benefit Pension Plan and Postretirement Benefits

**Plan Description** - The City of Roseville Employees' Pension Trust Fund System is a single-employer defined benefit pension plan that is administered by the City of Roseville, Michigan; this plan covers substantially all full-time employees of the City. The system provides retirement, disability, death, and health benefits to plan members and their beneficiaries.

At June 30, 2002, the date of the most recent actuarial valuation, membership consisted of 279 retirees and beneficiaries currently receiving benefits and terminated employees entitled to benefits but not yet receiving them and 308 current active employees. The plan does not issue a separate financial report.

### Note 10 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)

**Contributions** - Plan member contributions are recognized in the period in which the contributions are due. Employer contributions to the plan are recognized when due and the employer has made a formal commitment to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Please refer to Note 1 for further significant accounting policies.

**Funding Policy** - The obligation to contribute to and maintain the system for employees was established by negotiation with the City's competitive bargaining units and requires a contribution from the employees of 6.5 percent and 7.0 percent of gross wages for general, supervisor, and clerical members and police and fire members, respectively. The funding policy provides for periodic employer contributions at actuarially determined rates. Administrative costs of the plan are financed through investment earnings.

**Annual Pension Costs** - For the year ended 2003, the City's annual pension cost of \$2,449,110 for the plan was equal to the required and actual contribution. The annual required contribution was determined as part of an actuarial valuation at June 30, 2001 using the individual entry age cost method. Significant actuarial assumptions used include: (i) a 7.5 investment rate of return; (ii) projected salary increases of 5.0 percent per year; and (iii) 0.0 percent to 3.8 percent per year cost of living adjustments. Both (i) and (ii) include an inflation component of 5.0 percent. The actuarial value of the assets was determined using techniques that smooth the effects of short-term volatility over a four-year period. The unfunded actuarial liability is being amortized as a level percent of payroll on a closed basis. The remaining amortization period is 32 years.

**Reserves** - As of June 30, 2003, the plan's legally required reserves have been fully funded as follows:

Reserves for employees' contributions	\$ 21,049,463
Reserve for retired benefit payments	66,037,683

### Note 10 - Defined Benefit Pension Plan and Postretirement Benefits (Continued)

The following trend information includes only pension-related activity (assets, liabilities, and contributions related to health care have been excluded):

	Year Ended June 30		
	2001	2002	2003
Annual pension costs (APC)	\$ 2,046,611	\$ 2,208,341	\$ 2,449,110
Percentage of APC contributed	100%	100%	100%
Net pension obligation	None	None	None

  

	Actuarial Valuation Date		
	2001	2002	2003
Actuarial value of assets	\$ 111,153	\$ 115,009	\$ 112,427
Actuarial accrued liability (AAL)	\$ 108,780	\$ 114,218	\$ 117,182
Underfunded (overfunded) AAL (UAAL, OAAL)	\$ (2,373)	\$ (791)	\$ 4,755
Funded ratio (percentage)	102.2%	100.7%	95.9%
Covered payroll	\$ 14,977	\$ 15,372	\$ 16,005
UAAL, OAAL as a percentage of covered payroll	-	-	30%

### Note 11 - Personal Property Tax Multiplier

In November 1999, the State Tax Commission approved revised personal property tax tables for utilities. The revised tables could affect taxes collected from 1997 to the present as a result of local units of government continuing to use the personal property tax tables in effect prior to 1999. The issue was the subject of a lawsuit brought on by several units of government against the State Tax Commission challenging the constitutionality of the new utility personal property tax tables. In April 2002, the revised tables were upheld by the court.

The local units of government have appealed this decision and the Michigan Tax Tribunal plans to hold all appeals filed by the utilities in abeyance until the appeal is decided. If the new tables are upheld under appeal, any amounts paid to the City in excess of the approved amounts using the new tables would need to be refunded to the utility companies. This could result in refunds of approximately \$550,000 from the General Fund, \$19,000 from the Debt Service Fund, and \$13,000 from the Chapter 20 Debt Fund. These liabilities have been appropriately accrued in the government-wide statements.

### Note 12 - Postemployment Benefits

The City provides health care benefits to all full-time employees upon retirement, in accordance with labor contracts. Currently, 256 retirees are eligible for postemployment health benefits. The City includes pre-Medicare retirees and their dependents in its insured health care plan, with no contribution required by the participant. The City purchases Medicare supplemental insurance for retirees eligible for Medicare. Expenditures for postemployment health care benefits are recognized as the insurance premiums become due. For the fiscal year ended June 30, 2003, the City made payments for postemployment health benefit premiums of \$2,269,484.

### Note 13 - Designated Fund Balance

Unreserved fund balances have been designated for the following purposes:

	General Fund	Other Nonmajor Fund
Capital improvements	\$ 79,457	\$ -
Subsequent years' expenditures	893,564	-
Compensated absences	767,450	-
Working capital	1,841,868	-
Special assessment bond retirement	-	52,226
Total	<u>\$ 3,582,339</u>	<u>\$ 52,226</u>

### Note 14 - Joint Ventures

The City is a member of both the Southeast Macomb Sanitary District and the South Macomb Disposal Authority, which provide sewage and refuse disposal services, respectively, to participating municipalities in Macomb County, Michigan. The City appoints one member to each of the joint ventures' governing boards, who then approve the annual budgets. The City's equity interest in the Southeast Macomb Sanitary District and South Macomb Disposal Authority is \$5,475,136 and \$486,353, respectively, at June 30, 2003. Complete financial statements for the Southeast Macomb Sanitary District and the South Macomb Disposal Authority can be obtained from their administrative offices at 20001 Pleasant Avenue, St. Clair Shores, Michigan 48080.

## **Note 15 - Forgiveness of Debt**

During the year ended June 30, 2003, the South Macomb Disposal Authority received net proceeds of approximately \$23,000,000 in litigation settlement from its liability insurers to recover defense costs, private plaintiff claims, and remediation costs that it incurred related to a landfill site formerly operated by the South Macomb Disposal Authority. The South Macomb Disposal Authority used \$21,986,176 of the proceeds to defease \$20,000,000 of revenue bonds issued in December 2000, the proceeds of which were used to pay for the remediation and related costs and claims.

Pursuant to the defeasance, securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the revenue bonds. In turn, the South Macomb Disposal Authority relieved the City from its obligation to pay its portion of the bonds totaling \$4,302,000.

## **Required Supplemental Information**

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# City of Roseville, Michigan

## Required Supplemental Information Budgetary Comparison Schedule - General Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance - Beginning of year</b>	\$ 12,746,733	\$ 12,746,733	\$ 12,746,733	\$ -
<b>Resources (Inflows)</b>				
Property taxes	18,341,012	18,388,070	18,430,310	42,240
Fees and fines	2,240,000	2,434,265	2,434,268	3
Licenses and permits	391,750	666,652	666,658	6
Federal sources	-	141,669	141,669	-
State-shared revenue	6,105,000	5,793,390	5,806,039	12,649
Charges for services	214,000	425,061	425,063	2
Investment income	900,000	525,284	530,415	5,131
Other	3,195,560	3,969,849	3,994,378	24,529
Total available for appropriation	31,387,322	32,344,240	32,428,800	84,560
<b>Charges to Appropriations (Outflows)</b>				
General government:				
39th District Court	1,767,839	1,784,098	1,776,764	7,334
City Manager	282,551	266,975	259,913	7,062
City Assessor	429,028	426,274	426,061	213
City Attorney	318,000	343,674	343,673	1
City Clerk	474,017	473,235	473,140	95
Controller	326,698	286,038	281,240	4,798
Personnel	117,087	101,661	100,399	1,262
Purchasing	244,828	236,145	225,033	11,112
City Treasurer	358,080	349,667	347,259	2,408
Building maintenance	793,063	756,971	756,911	60
Information systems	434,779	419,695	419,679	16
Retirement	79,455	77,732	77,730	2
Other general government	2,367,920	1,679,617	1,677,369	2,248
Public safety:				
Police	9,436,483	9,392,789	9,374,789	18,000
Fire	4,470,301	4,410,479	4,410,240	239
Building inspector	807,394	784,617	768,678	15,939
Public works:				
Highway department	1,932,416	1,611,248	1,607,348	3,900
Street lighting	775,000	692,135	692,134	1
Engineering	255,503	185,855	181,093	4,762
Sanitation	2,212,968	2,329,055	2,329,054	1
Community services:				
Recreation	1,496,674	2,422,255	2,416,321	5,934
Library	1,194,570	1,144,104	1,116,475	27,629
Transfers to other funds	1,317,135	1,243,433	1,243,406	27
Transfer to internal service fund	250,000	565,000	565,000	-
Total charges to appropriations	32,141,789	31,982,752	31,869,709	113,043
<b>Fund Balance - End of year</b>	<b>\$ 11,992,266</b>	<b>\$ 13,108,221</b>	<b>\$ 13,305,824</b>	<b>\$ 197,603</b>

# City of Roseville, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Major Streets Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance</b> - Beginning of year	\$ 1,841,823	\$ 1,841,823	\$ 1,841,823	\$ -
<b>Resources (Inflows)</b>				
State shared revenue	1,600,000	2,244,050	2,244,099	49
Investment income	60,000	54,500	54,506	6
Transfer from other funds	-	52,150	52,151	1
Total available for appropriation	1,660,000	2,350,700	2,350,756	56
<b>Charges to Appropriations (Outflows)</b>				
General government - Administration	100,000	100,000	200,000	(100,000)
Public works:				
State trunkline maintenance	150,000	189,040	189,031	9
Routine street maintenance	300,000	508,800	508,799	1
Traffic services - Signs	60,000	33,320	33,315	5
Snow and ice control	25,000	186,230	186,222	8
Construction and development	721,000	1,769,920	1,669,909	100,011
Transfers to other funds	1,845,000	450,000	450,000	-
Total charges to appropriations	3,201,000	3,237,310	3,237,276	34
<b>Fund Balance</b> - End of year	<u>\$ 300,823</u>	<u>\$ 955,213</u>	<u>\$ 955,303</u>	<u>\$ 90</u>

# City of Roseville, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Major Special Revenue Funds - Local Streets Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance</b> - Beginning of year	\$ 2,087,679	\$ 2,087,679	\$ 2,087,679	\$ -
<b>Resources (Inflows)</b>				
State-shared revenue	620,000	699,690	699,695	5
Investment income	20,000	3,580	3,580	-
Transfer from other funds	<u>2,095,000</u>	<u>706,340</u>	<u>706,349</u>	<u>9</u>
Total available for appropriation	2,735,000	1,409,610	1,409,624	14
<b>Charges to Appropriations (Outflows)</b>				
General government - Administration	50,000	70,000	70,000	-
Public works:				
Routine street maintenance	800,000	818,320	818,313	7
Traffic services - Signs	100,000	89,000	88,993	7
Snow and ice control	100,000	136,280	136,277	3
Construction and development	1,470,000	89,810	89,807	3
Transfers to other funds	<u>293,500</u>	<u>293,170</u>	<u>293,169</u>	<u>1</u>
Total charges to appropriations	<u>2,813,500</u>	<u>1,496,580</u>	<u>1,496,559</u>	<u>21</u>
<b>Fund Balance</b> - End of year	<u><u>\$ 2,009,179</u></u>	<u><u>\$ 2,000,709</u></u>	<u><u>\$ 2,000,744</u></u>	<u><u>\$ 35</u></u>

# City of Roseville, Michigan

## Required Supplemental Information Budgetary Comparison Schedule Major Fund - Capital Projects Fund Year Ended June 30, 2003

	Original Budget	Amended Budget	Actual	Variance with Amended Budget
<b>Fund Balance</b> - Beginning of year	\$ 4,291,422	\$ 4,291,422	\$ 4,291,422	\$ -
<b>Resources (Inflows)</b>				
Investment income	20,000	123,545	193,185	69,640
Special assessments	519,500	560,903	560,909	6
Other	69,000	152,005	152,009	4
Issuance of debt	-	-	1,929,403	1,929,403
Total available for appropriation	<u>608,500</u>	<u>836,453</u>	<u>2,835,506</u>	<u>1,999,053</u>
<b>Charges to Appropriations (Outflows)</b>				
Construction and development	400,000	659,760	1,884,027	(1,224,267)
Transfers to other funds	<u>139,500</u>	<u>142,965</u>	<u>142,962</u>	<u>3</u>
Total charges to appropriations	<u>539,500</u>	<u>802,725</u>	<u>2,026,989</u>	<u>(1,224,264)</u>
<b>Fund Balance</b> - End of year	<u>\$ 4,360,422</u>	<u>\$ 4,325,150</u>	<u>\$ 5,099,939</u>	<u>\$ 774,789</u>

# City of Roseville, Michigan

## Pension System Schedule of Funding Progress (Dollar Amounts in Thousands) June 30, 2003

The schedule of funding progress is as follows:

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (Percent) (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll
6/30/93	\$ 64,653	\$ 75,752	\$ 11,099	85.3	\$ 11,512	96.4
6/30/94	67,838	80,090	12,252	84.7	12,163	100.7
6/30/95	70,758	85,608	14,850	82.7	12,044	123.3
6/30/96	78,957	89,510	10,553	88.2	13,064	80.8
6/30/97	86,032	92,789	6,757	92.7	13,321	50.7
6/30/98	97,090	98,592	1,502	98.5	14,176	10.6
6/30/99	106,123	103,097	(3,026)	102.9	14,481	-
6/30/00	111,153	108,780	(2,373)	102.2	14,977	-
6/30/01	115,009	114,218	(791)	100.7	15,372	-
6/30/02	112,427	117,182	4,755	95.9	16,005	29.7

The schedule of employer contributions is as follows:

Fiscal Year Ended	Actuarial Valuation Date	Annual Required Contribution*	Percentage Contributed
6/30/98	6/30/96	\$ 2,301,124	100.0
6/30/99	6/30/97	2,302,699	100.0
6/30/00	6/30/98	2,291,128	100.0
6/30/01	6/30/99	2,509,912	100.0
6/30/02	6/30/00	2,208,341	100.0
6/30/03	6/30/01	2,449,110	100.0

\* The required contribution is expressed to the City as a percentage of payroll.

The information presented above was determined as part of the actuarial valuations at the dates indicated. Additional information as of June 30, 2002, the latest actuarial valuation, follows:

Actuarial cost method	Entry age
Amortization method	Level percent
Amortization period (perpetual)	32 years
Asset valuation method	4-year smoothed market
Actuarial assumptions:	
Investment rate of return	7.50%
Projected salary increases*	5.0% - 8.8%
*Includes inflation at	5.0%
Cost of living adjustments	None

## **Other Supplemental Information**

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# City of Roseville, Michigan

		<u>Special Revenue Funds</u>	
		Community Development Block Grant	Drug Law Enforcement
<b>Assets</b>			
Cash and investments		\$ 23,252	\$ 755,393
Receivables:			
Taxes		-	-
Other		-	-
Due from other funds		-	-
Due from other governments units		<u>89,057</u>	<u>-</u>
Total assets		<u><b>\$ 112,309</b></u>	<u><b>\$ 755,393</b></u>
<b>Liabilities and Fund Balances (Deficit)</b>			
<b>Liabilities</b>			
Accounts payable		\$ 76,125	\$ -
Due to other funds		30,597	-
Other liabilities		4,444	-
Deferred revenue		<u>89,057</u>	<u>-</u>
Total liabilities		200,223	-
<b>Fund Balances (Deficit)</b>			
Reserved		-	755,393
Unreserved		<u>(87,914)</u>	<u>-</u>
Total fund balances		<u>(87,914)</u>	<u>755,393</u>
Total liabilities and fund balances		<u><b>\$ 112,309</b></u>	<u><b>\$ 755,393</b></u>

**Other Supplemental Information  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2003**

Debt Service Funds			Total
Building Authority	General Debt	Chapter 20 Drain	Nonmajor Governmental Funds
\$ 33,683	\$ 602,909	\$ 2,230,201	\$ 3,645,438
-	9,742	6,721	16,463
-	-	13,393	13,393
-	209,088	-	209,088
-	-	-	89,057
<b><u>\$ 33,683</u></b>	<b><u>\$ 821,739</u></b>	<b><u>\$ 2,250,315</u></b>	<b><u>\$ 3,973,439</u></b>
\$ -	\$ -	\$ -	\$ 76,125
23,468	17,349	237,950	309,364
-	-	-	4,444
-	8,574	19,276	116,907
23,468	25,923	257,226	506,840
-	191,052	-	946,445
10,215	604,764	1,993,089	2,520,154
10,215	604,764	1,993,089	3,466,599
<b><u>\$ 33,683</u></b>	<b><u>\$ 821,739</u></b>	<b><u>\$ 2,250,315</u></b>	<b><u>\$ 3,973,439</u></b>

# City of Roseville, Michigan

	Special Revenue	
	Community Development Block Grant	Drug Law Enforcement
<b>Revenue</b>		
Property taxes	\$ -	\$ -
Federal sources	613,228	-
Local sources	-	-
Investment income	-	11,184
Credits received Macomb County	-	-
Other	272,290	41,497
Total revenue	885,518	52,681
<b>Expenditures - Current</b>		
General government	103,081	-
Public works	565,957	-
Recreation and culture	304,394	55,599
Construction and development	-	-
Principal	-	-
Interest	-	-
Total expenditures	973,432	55,599
<b>Excess of Expenditures Over Revenue</b>	(87,914)	(2,918)
<b>Other Financing Sources - Transfers in</b>	-	-
<b>Change in Fund Balance</b>	(87,914)	(2,918)
<b>Fund Balances - Beginning of year</b>	-	758,311
<b>Fund Balances - End of year</b>	<b>\$ (87,914)</b>	<b>\$ 755,393</b>

**Other Supplemental Information**  
**Combining Statement of Revenue, Expenditures, and Changes**  
**in Fund Balances - Nonmajor Governmental Funds**  
**Year Ended June 30, 2003**

Debt Service Funds			Total
Building Authority	General Debt	Chapter 20 Drain	Nonmajor Governmental Funds
\$ -	\$ 609,617	\$ 425,640	\$ 1,035,257
-	-	-	613,228
195,518	-	-	195,518
1,548	11,135	22,087	45,954
-	-	25,754	25,754
-	-	-	313,787
<u>197,066</u>	<u>620,752</u>	<u>473,481</u>	<u>2,229,498</u>
-	-	-	103,081
-	-	-	565,957
-	-	-	359,993
-	-	364,100	364,100
410,000	1,143,316	32,270	1,585,586
<u>397,331</u>	<u>325,249</u>	<u>317,301</u>	<u>1,039,881</u>
<u>807,331</u>	<u>1,468,565</u>	<u>713,671</u>	<u>4,018,598</u>
(610,265)	(847,813)	(240,190)	(1,789,100)
<u>611,813</u>	<u>759,224</u>	<u>-</u>	<u>1,371,037</u>
1,548	(88,589)	(240,190)	(418,063)
<u>8,667</u>	<u>884,405</u>	<u>2,233,279</u>	<u>3,884,662</u>
<u><b>\$ 10,215</b></u>	<u><b>\$ 795,816</b></u>	<u><b>\$ 1,993,089</b></u>	<u><b>\$ 3,466,599</b></u>

# City of Roseville, Michigan

## Other Supplemental Information Combining Statement of Net Assets Fiduciary Funds June 30, 2003

	Agency Funds				Totals
	Tax Collections	Miscellaneous Agency	P.A.I.R.	District Court	
<b>Assets</b>					
Cash and investments	<u>\$ 13,738</u>	<u>\$ 54,011</u>	<u>\$ 791</u>	<u>\$ 192,759</u>	<u>\$ 261,299</u>
<b>Liabilities and Net Assets</b>					
<b>Liabilities</b>					
Accounts payable	\$ -	\$ -	\$ 608	\$ -	\$ 608
Accrued and other liabilities	482	54,011	183	192,759	247,435
Due to other governmental units	<u>13,256</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,256</u>
Total liabilities	<u>\$ 13,738</u>	<u>\$ 54,011</u>	<u>\$ 791</u>	<u>\$ 192,759</u>	<u>\$ 261,299</u>

# City of Roseville, Michigan

## Schedule of Indebtedness June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>General Obligation Bonds</b>					
Macomb County Southeast Wastewater Disposal System					
Date of issue - October 1, 1978					
Amount of issue - \$2,972,986					
	6.50	11/01/02	\$ 238,525	\$ -	\$ 238,525
1993 Judgment Funding Bonds					
Date of issue - February 1, 1993					
Amount of issue - \$1,420,000					
	1.75	10/01/02	175,000	-	175,000
1993 Limited Tax Bonds					
Date of issue - October 1, 1993					
Amount of issue - \$240,000					
	4.50	02/01/03	25,000	-	25,000
1994 Limited Tax Bonds					
Date of issue - October 25, 1994					
Amount of issue - \$475,000					
	6.00	02/01/03	50,000	-	50,000
	4.80	02/01/04	75,000	75,000	75,000
				<u>75,000</u>	<u>125,000</u>

# City of Roseville, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>General Obligation Bonds (Continued)</b>					
Unlimited Tax General Obligation Library Bonds					
Date of issue - November 1, 1995					
Amount of issue - \$2,715,000					
	4.800	11/01/02	\$ 105,000	\$ -	\$ 105,000
	4.800	11/01/03	110,000	110,000	110,000
	4.800	11/01/04	115,000	115,000	115,000
	4.800	11/01/05	120,000	120,000	120,000
	4.800	11/01/06	130,000	130,000	130,000
	4.900	11/01/07	135,000	135,000	135,000
	5.000	11/01/08	140,000	140,000	140,000
	5.050	11/01/09	150,000	150,000	150,000
	5.100	11/01/10	160,000	160,000	160,000
	5.100	11/01/11	170,000	170,000	170,000
	5.100	11/01/12	180,000	180,000	180,000
	5.125	11/01/13	190,000	190,000	190,000
	5.125	11/01/14	200,000	200,000	200,000
	5.125	11/01/15	210,000	210,000	210,000
				2,010,000	2,115,000
1996 MVH Paving Bonds					
Date of issue - August 28, 1996					
Amount of issue - \$2,000,000					
	4.50	05/01/03	245,000	-	245,000
	4.50	05/01/04	255,000	255,000	255,000
	4.60	05/01/05	270,000	270,000	270,000
	4.60	05/01/06	285,000	285,000	285,000
				810,000	1,055,000

# City of Roseville, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>General Obligation Bonds (Continued)</b>					
South Macomb Disposal Authority Bonds*					
Date of issue - December 1, 2000					
City's portion of issuance - \$4,302,000					
	5.00	09/01/09	\$ 251,667	\$ -	\$ 239,837
	5.00	09/01/10	251,667	-	251,667
	5.38	09/01/11	264,573	-	264,573
	5.38	09/01/12	277,479	-	277,479
	5.38	09/01/13	292,536	-	292,536
	5.38	09/01/14	308,669	-	308,669
	5.38	09/01/15	324,801	-	324,801
	5.13	09/01/16	342,009	-	342,009
	5.13	09/01/17	360,293	-	360,293
	5.25	09/01/18	379,652	-	379,652
	5.25	09/01/19	399,010	-	399,010
	5.25	09/01/20	419,444	-	419,444
	5.25	09/01/21	442,030	-	442,030
				-	4,302,000
Total general obligation bonds				<b>\$ 2,895,000</b>	<b>\$ 8,035,525</b>

\* During 2003, the South Macomb Disposal Authority defeased its outstanding bonds using proceeds from an insurance settlement. Accordingly, the City's share of these bonds have been removed from the City's total debt obligation at June 30, 2003.

# City of Roseville, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>Special Assessment Bonds</b>					
1993 Special Assessment Limited Tax Bonds					
Date of issue - October 1, 1993					
Amount of issue - \$795,000					
	4.50	02/01/03	\$ 80,000	\$ -	\$ 80,000
1995 Special Assessment Limited Tax Bonds					
Date of issue - October 25, 1994					
Amount of issue - \$475,000					
	6.00	02/01/03	50,000	-	50,000
	4.75	02/01/04	50,000	50,000	50,000
				<u>50,000</u>	<u>100,000</u>
Total special assessment bonds				<u>\$ 50,000</u>	<u>\$ 180,000</u>

### Building Authority Bonds

1992 Building Authority Bonds - Recreation Center

Date of issue - August 1, 1992

Amount of issue - \$700,000

5.90	05/01/03	\$ 60,000	\$ -	\$ 60,000
6.00	05/01/04	60,000	60,000	60,000
6.10	05/01/05	60,000	60,000	60,000
6.15	05/01/06	75,000	75,000	75,000
6.20	05/01/07	75,000	75,000	75,000
			<u>270,000</u>	<u>330,000</u>

# City of Roseville, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>Building Authority Bonds (Continued)</b>					
Building Authority Refunding Bonds - Series 1993					
Date of issue - March 31, 1993					
Amount of issue - \$2,450,000					
	4.50	05/01/03	\$ 150,000	\$ -	\$ 150,000
	4.65	05/01/04	175,000	175,000	175,000
	4.75	05/01/05	175,000	175,000	175,000
	5.25	05/01/06	175,000	175,000	175,000
	5.25	05/01/07	175,000	175,000	175,000
	5.25	05/01/08	150,000	150,000	150,000
				850,000	1,000,000
Building Authority Police-Court-Firestation Renovation Bonds - Series 1999					
Date of issue - November 1, 1999					
Amount of issue - \$6,500,000					
	7.00	10/01/02	200,000	-	200,000
	7.00	10/01/03	225,000	225,000	225,000
	7.00	10/01/04	225,000	225,000	225,000
	6.60	10/01/05	250,000	250,000	250,000
	5.00	10/01/06	275,000	275,000	275,000
	5.00	10/01/07	275,000	275,000	275,000
	5.00	10/01/08	300,000	300,000	300,000
	5.00	10/01/09	325,000	325,000	325,000
	5.00	10/01/10	350,000	350,000	350,000
	5.10	10/01/11	350,000	350,000	350,000
	5.10	10/01/12	375,000	375,000	375,000
	5.20	10/01/13	375,000	375,000	375,000
	5.20	10/01/14	375,000	375,000	375,000
	5.38	10/01/15	400,000	400,000	400,000
	5.38	10/01/16	400,000	400,000	400,000
	5.38	10/01/17	425,000	425,000	425,000
	5.50	10/01/18	475,000	475,000	475,000
	5.55	10/01/19	500,000	500,000	500,000
				5,900,000	6,100,000
				<b>\$ 7,020,000</b>	<b>\$ 7,430,000</b>
Total Building Authority bonds					

# City of Roseville, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>County Drain Contract Obligations</b>					
Lake St. Clair Water Initiative Drainage District - Series A					
Date of issue - January 18, 2001					
Amount of issue - \$2,107,890					
	4.30	10/01/02	\$ 32,270	\$ -	\$ 32,270
	4.30	10/01/03	39,035	39,035	34,114
	4.30	10/01/04	40,090	40,090	35,036
	4.30	10/01/05	42,200	42,200	36,880
	4.30	10/01/06	44,310	44,310	38,724
	4.30	10/01/07	46,420	46,420	40,568
	4.30	10/01/08	48,530	48,530	42,412
	4.30	10/01/09	50,640	50,640	44,256
	4.30	10/01/10	52,750	52,750	46,100
	4.30	10/01/11	54,860	54,860	47,944
	4.30	10/01/12	58,025	58,025	50,710
	4.30	10/01/13	60,135	60,135	52,554
	4.30	10/01/14	63,300	63,300	55,320
	4.30	10/01/15	66,465	66,465	58,086
	4.30	10/01/16	69,630	69,630	60,852
	4.30	10/01/17	73,850	73,850	64,540
	4.30	10/01/18	78,070	78,070	68,228
	4.30	10/01/19	81,235	81,235	70,994
	4.30	10/01/20	85,455	85,455	74,682
	4.30	10/01/21	90,730	90,730	79,292
	4.30	10/01/22	94,950	94,950	82,980
	4.30	10/01/23	100,225	100,225	87,590
	4.30	10/01/24	106,555	106,555	93,122
	4.30	10/01/25	111,830	111,830	97,732
	4.30	10/01/26	118,160	118,160	103,264
	4.30	10/01/27	124,490	124,490	108,796
	4.30	10/01/28	130,820	130,820	114,328
	4.30	10/01/29	142,860	142,860	120,782
				2,075,620	1,842,156

# City of Roseville, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002

### County Drain Contract Obligations (Continued)

Lake St. Clair Water Initiative Drainage District - Series B\*

Date of issue - October 1, 2001

City's portion of issuance - \$1,852,438

4.30	10/01/04	\$ 1,852,438.00	\$ 1,852,438	\$ 3,428,798
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\* During 2003, the County redeemed a portion of the Series B bonds with the unspent bond proceeds and with the proceeds of SRF Project 5186-02 and 5186-03.

Lake St. Clair Water Initiative Drain Drainage District - SRF Project 5186-01

Date of issue - March 1, 2002

City's portion of issuance - \$4,390,278

2.50	10/01/03	170,982	170,982	149,167
2.50	10/01/04	175,230	175,230	152,873
2.50	10/01/05	180,540	180,540	157,505
2.50	10/01/06	184,788	184,788	161,211
2.50	10/01/07	189,036	189,036	164,917
2.50	10/01/08	194,346	194,346	169,550
2.50	10/01/09	198,594	198,594	173,256
2.50	10/01/10	203,904	203,904	177,888
2.50	10/01/11	209,214	209,214	182,521
2.50	10/01/12	214,524	214,524	187,153
2.50	10/01/13	219,834	219,834	191,786
2.50	10/01/14	225,144	225,144	196,418
2.50	10/01/15	231,516	231,516	201,977
2.50	10/01/16	236,826	236,826	206,610
2.50	10/01/17	243,198	243,198	212,169
2.50	10/01/18	249,570	249,570	217,728
2.50	10/01/19	255,942	255,942	223,287
2.50	10/01/20	262,314	262,314	228,846
2.50	10/01/21	268,686	268,686	234,405
2.50	10/01/22	276,120	276,120	240,890

			4,390,308	3,830,157
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# City of Roseville, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>County Drain Contract Obligations (Continued)</b>					
Lake St. Clair Water Initiative Drain Drainage District - SRF Project 5186-02					
Date of issue - March 1, 2002					
City's portion of issuance - \$2,656,487					
	2.50	10/01/03	\$ 103,297	\$ 103,297	\$ 91,107
	2.50	10/01/04	106,220	106,220	93,686
	2.50	10/01/05	109,144	109,144	96,264
	2.50	10/01/06	112,068	112,068	98,843
	2.50	10/01/07	114,016	114,016	100,562
	2.50	10/01/08	116,940	116,940	103,140
	2.50	10/01/09	119,864	119,864	105,719
	2.50	10/01/10	123,761	123,761	109,157
	2.50	10/01/11	126,686	126,686	111,735
	2.50	10/01/12	129,608	129,608	114,314
	2.50	10/01/13	133,507	133,507	117,752
	2.50	10/01/14	136,430	136,430	120,330
	2.50	10/01/15	140,328	140,328	123,768
	2.50	10/01/16	143,251	143,251	126,347
	2.50	10/01/17	147,150	147,150	129,785
	2.50	10/01/18	151,048	151,048	133,223
	2.50	10/01/19	154,946	154,946	136,661
	2.50	10/01/20	158,843	158,843	140,099
	2.50	10/01/21	162,741	162,741	143,537
	2.50	10/01/22	166,639	166,639	146,968
Subtotal				2,656,487	2,342,997
Less amounts not drawn down				-	(1,806,047)
Total				2,656,487	536,950

# City of Roseville, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>County Drain Contract Obligations (Continued)</b>					
Lake St. Clair Water Initiative Drain Drainage District - SRF Project 5186-03					
Date of issue - March 1, 2002					
City's portion of issuance - \$426,662					
	2.50	10/01/03	\$ 20,465	\$ 20,465	\$ 18,050
	2.50	10/01/04	20,465	20,465	18,050
	2.50	10/01/05	21,439	21,439	18,909
	2.50	10/01/06	21,439	21,439	18,909
	2.50	10/01/07	22,414	22,414	19,769
	2.50	10/01/08	22,414	22,414	19,769
	2.50	10/01/09	23,388	23,388	20,628
	2.50	10/01/10	24,362	24,362	21,488
	2.50	10/01/11	24,362	24,362	21,488
	2.50	10/01/12	25,337	25,337	22,347
	2.50	10/01/13	25,337	25,337	22,347
	2.50	10/01/14	26,311	26,311	23,207
	2.50	10/01/15	27,286	27,286	24,066
	2.50	10/01/16	27,286	27,286	24,066
	2.50	10/01/17	28,260	28,260	24,926
	2.50	10/01/18	29,235	29,235	25,785
	2.50	10/01/19	30,210	30,210	26,645
	2.50	10/01/20	31,184	31,184	27,504
	2.50	10/01/21	31,184	31,184	27,504
	2.50	10/01/22	32,158	32,158	28,364
Subtotal				514,536	453,821
Less amounts not drawn down				-	(413,817)
Total				514,536	40,004
Total County Drain Contract Obligations				<u>\$ 11,489,389</u>	<u>\$ 9,678,065</u>

# City of Roseville, Michigan

## Schedule of Indebtedness (Continued) June 30, 2003

Description	Interest Rate (Percent)	Date of Maturity	Amount of Annual Maturity	Principal Outstanding	
				June 30 2003	2002
<b>Installment Loan Obligations</b>					
Installment loan - Fire truck					
Date of issue - July 2000					
Amount of issue - \$103,000					
	5.45	08/01/02	\$ 53,000	\$ -	\$ 53,000
Installment loan - Ambulance					
Date of issue - October 2001					
Amount of issue - \$60,630					
	3.00	10/24/02	32,499	-	32,499
	3.00	10/24/03	12,245	12,245	12,245
Installment loan - Street sweeper					
Date of issue - September 5, 2001					
Amount of issue - \$35,900					
	3.60	09/05/02	35,900	-	35,900
Installment loan - Computer software					
Date of issue - July 2001					
Amount of issue - \$270,748					
	4.08	06/01/03	53,392	-	53,392
	4.08	06/01/04	55,612	55,612	55,612
	4.08	06/01/05	57,924	57,924	57,924
	4.08	06/01/06	60,332	60,332	60,332
Total installment loan obligations				<b>\$ 186,113</b>	<b>\$ 360,904</b>